

Almoner Foundation
Statement of Operations

For the year ended March 31	2018	2017
Revenue		
Interest and other income	\$ 180,332	\$ 61,003
Loss on fair value adjustment of investments	(634,286)	(1,744,287)
	<u>(453,954)</u>	<u>(1,683,284)</u>
Expenditures		
Gifts to qualified donees	29,725,886	-
General and administrative		
Interest and finance charges	30,694	10,499
Professional fees	52,481	44,803
	<u>83,175</u>	<u>55,302</u>
Deficiency of revenue over expenditures before discontinued operation	<u>(30,263,015)</u>	<u>(1,738,586)</u>
Discontinued operation (Note 9)		
Rental income	1,048,623	992,759
Gain on disposal of property and equipment	11,951,365	-
	<u>12,999,988</u>	<u>992,759</u>
Deficiency of revenue over expenditures	<u>\$ (17,263,027)</u>	<u>\$ (745,827)</u>

The accompanying notes are an integral part of these financial statements.

Almoner Foundation

Financial Statements For the year ended March 31, 2018

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Independent Auditors' Report

To the Directors of Almoner Foundation:

We have audited the accompanying financial statements of Almoner Foundation, which comprise of the statement of financial position as at March 31, 2018 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

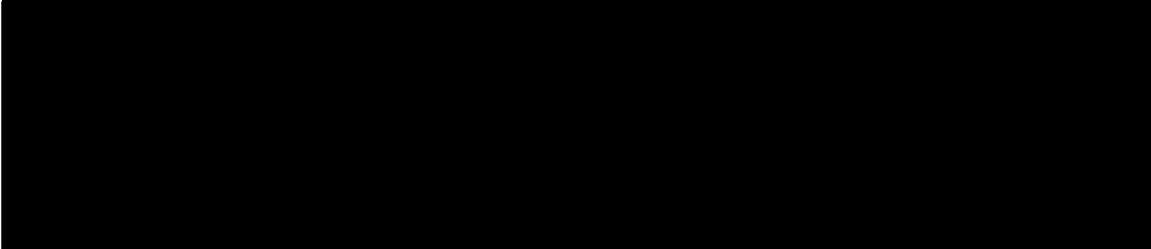
Management is responsible for the preparation and fair presentation of these statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditors judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Association's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

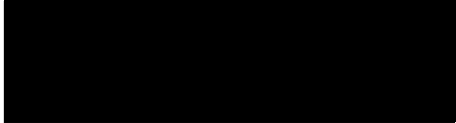


Independent Auditors' Report

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of Almoner Foundation as at March 31, 2018 and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPO).

Vancouver, British Columbia
November 26, 2018



Chartered Professional Accountants

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Almoner Foundation
Statement of Financial Position

March 31 **2018** **2017**

Assets

Current

Cash	\$ 856,680	\$ 1,680,768
Amounts receivable (Note 4)	323,850	21,277
Prepaid expenses	-	7,057
Current portion of mortgage receivable (Note 5)	-	10,893,921

1,180,530 **12,603,023**

Mortgage receivable (Note 5)

3,000,000 **-**

Investments (Note 6)

4,964,288 **5,598,574**

Property and equipment (Note 7)

- **19,156,158**

\$ 9,144,818 **\$ 37,357,755**

Liabilities and Net Assets

Current

Accounts payable and accrued liabilities	\$ 10,001	\$ 65,990
Current portion of long-term debt (Note 8)	-	10,893,921

10,001 **10,959,911**

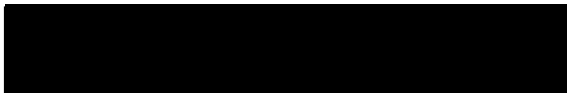
Net assets

Invested in property and equipment	-	19,156,158
Unrestricted	9,134,817	7,241,686

9,134,817 **26,397,844**

\$ 9,144,818 **\$ 37,357,755**

On behalf of the Board:



Director

The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Statement of Operations

For the year ended March 31	2018	2017
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	(453,954)	(1,683,284)
Expenditures		
Gifts to qualified donees	29,725,886	-
General and administrative		
Interest and finance charges	30,694	10,499
Professional fees	52,481	44,803
	83,175	55,302
Deficiency of revenue over expenditures before discontinued operation	(30,263,015)	(1,738,586)
Discontinued operation (Note 9)		
Rental income	1,048,623	992,759
Gain on disposal of property and equipment	11,951,365	-
	12,999,988	992,759
Deficiency of revenue over expenditures	\$ (17,263,027)	\$ (745,827)

The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Statement of Changes in Net Assets

For the year ended March 31, 2018

	<u>Invested in Equipment</u>	<u>Unrestricted</u>	<u>Total</u>
Net assets, March 31, 2016	\$ 19,534,353	\$ 7,609,318	\$ 27,143,671
Deficiency of revenue over expenditures	-	(745,827)	(745,827)
Amortization	(378,195)	378,195	-
Net assets, March 31, 2017	\$ 19,156,158	\$ 7,241,686	\$ 26,397,844
Deficiency of revenue over expenditures	-	(17,263,027)	(17,263,027)
Amortization	(110,230)	110,230	-
Disposal of property and equipment	(19,045,928)	19,045,928	-
Net assets, March 31, 2018	\$ -	\$ 9,134,817	\$ 9,134,817

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The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Summary of Significant Accounting Policies

March 31, 2018

1. Nature of the Foundation

The Almoner Foundation (the "Foundation") is incorporated under the laws of Canada Corporations Act as a not-for-profit organization and is continued under the Canada Not-for-profit Corporations Act as at July 31, 2014. The Foundation is also registered extraprovincially under the British Columbia Society Act. The Foundation is a registered public foundation under the Federal Income Tax Act, and accordingly is exempt from income taxes, provided corporate requirements of the Federal Income Tax Act are met.

2. Purpose of the Foundation

The Foundation was founded for the following purposes:

- (a) to receive gifts, bequests, trusts, funds and property and beneficially, or as a trustee or agent, to hold, invest, develop, manage, accumulate and administer funds and property for the purposes of disbursing funds and property exclusively to registered charities and "qualified donees; and
- (b) to conduct any and all activities and exercise any and all such powers as are necessary for the achievement and furtherance of the purposes of the Foundation.

3. Summary of Significant Accounting Policies

(a) Basis of Presentation

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

(b) Use of Estimates

The preparation of these financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the year. Actual results may differ from these estimates. Estimates and assumptions are reviewed periodically based on historical experience and other relevant considerations. Revisions to estimates and assumptions are accounted for prospectively.

(c) Revenue Recognition

The Foundation uses the deferral method of accounting for contributions. Under the deferral method of accounting for contributions, restricted contributions are deferred and recognized as revenue when the related expenditures designated by the contributor are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Rent and investment income are recorded as earned.

Almoner Foundation
Summary of Significant Accounting Policies

March 31, 2018

3. Summary of Significant Accounting Policies (continued)

(d) Property and Equipment

Property and equipment is stated at cost less accumulated amortization. Amortization based on the estimated useful lives of the building is calculated using the diminishing balance basis at 4%. One half of the normal rate amortization is recorded in the year of acquisition and disposition.

(e) Financial Instruments

Measurement of financial instruments

The Foundation initially measures its financial instruments at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all its financial instruments at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial instruments measured at amortized cost consist of cash, amounts receivable, mortgage receivable, accounts payable and accrued liabilities.

Financial instruments measured at fair value consist of investments in equity instruments which are quoted in an active market during the year.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. If an impairment exists, the amount of the write-down is recognized in the statement of operations the period impairment was determined. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of reversal had the impairment not been recognized previously. The amount of reversal is recognized in the statement of operations.

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Almoner Foundation
Summary of Significant Accounting Policies

March 31, 2018

3. Summary of Significant Accounting Policies (continued)

(e) Financial Instruments

Risks

The Foundation is exposed to credit and market risks associated with financial instruments. Management is of the opinion that there are material changes in these risks over the prior year.

(i) *Credit risk*

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation's credit risk arises from its vendor take-back mortgage. This risk is mitigated by the security obtained over the property.

(ii) *Market risk*

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Foundation's investments are subject to market risk through its common and preferred investments.

4. Amounts Receivable

	<u>2018</u>	<u>2017</u>
Loan	\$ 300,000	\$ -
Interest and other	23,850	21,277
	<u>\$ 323,850</u>	<u>\$ 21,277</u>

Subsequent to year-end, the loan was repaid.

The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Notes to Financial Statements

March 31, 2018

5. Mortgage Receivable

	2018	2017
Fortius Foundation		
Mortgage payable at fixed monthly payment of \$80,453 with interest at 4.32% per annum, due September 30, 2017, secured by a mortgage on land; the loan was fully repaid by Fortius Foundation in December 2017	\$ -	\$ 10,893,921
██████████ mortgage		
Interest only payable monthly at a rate of 5% per annum, principal due January 16, 2023, secured by a mortgage on land and assignment of rent	3,000,000	-
	\$ 3,000,000	\$ 10,893,921
Less: current portion	-	(10,893,921)
	\$ 3,000,000	\$ -

The mortgage interest revenue of \$404,218 (2017 - \$481,985) received from Fortius Foundation is reported net of the mortgage interest expense of \$461,165 (2017 - \$481,985) paid to ██████████ (Note 8).

Almoner Foundation
Notes to Financial Statements

March 31, 2018

6. Investments

		2018	
		Fair Market Value	Adjusted Cost Base
3,171,430 common shares of [REDACTED]		\$ 3,964,288	\$ 3,869,271
1,000 preferred shares of [REDACTED]		1,000,000	1,000,000
		\$ 4,964,288	\$ 4,869,271
		2017	
		Fair Market Value	Adjusted Cost Base
3,171,430 common shares of [REDACTED]		\$ 4,598,574	\$ 3,869,271
1,000 preferred shares of [REDACTED]		1,000,000	1,000,000
		\$ 5,598,574	\$ 4,869,271

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The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Notes to Financial Statements

March 31, 2018

7. Property and Equipment

	Cost	Accumulated Amortization	Net 2018
Land	\$ -	\$ -	\$ -
Building	-	-	-
	\$ -	\$ -	\$ -

	Cost	Accumulated Amortization	Net 2017
Land	\$ 10,079,474	\$ -	\$ 10,079,474
Building	11,832,424	2,755,740	9,076,684
	\$ 21,911,898	\$ 2,755,740	\$ 19,156,158

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The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Notes to Financial Statements

March 31, 2018

8. Long-Term Debt and Bank Facilities

	2018	2017
██████████		
Mortgage payable at fixed monthly payment of \$80,453 with interest at 4.32% per annum, terminated April 28, 2017 secured by a mortgage on land	\$ -	\$ 10,893,921
Less: current portion	-	(10,893,921)
	<u>\$ -</u>	<u>\$ -</u>

The Foundation entered into an interest rate swap in the 2014 fiscal year with ██████████ to fix the interest rate at 4.32% per annum for the \$13,000,000 mortgage loan which originally entered into on October 24, 2012. The swap interest rate arrangements were terminated effective April 28, 2017 as a result of the Foundation's refinancing.

On April 28, 2017, the Foundation entered into a new agreement with ██████████ to increase the loan to \$15,000,000 with interest at the ██████████ 1.00% with monthly blended principal and interest payments of \$88,543.

On January 17, 2018, this loan was fully paid off with the proceeds of disposal of property and equipment (Note 9).

The mortgage interest expense of \$461,165 (2017 - 481,985) paid to ██████████ is reported net of the mortgage interest revenue of \$404,218 (2017 - 481,985) received from Fortius Foundation (Note 5).

The accompanying notes are an integral part of these financial statements.

Almoner Foundation
Notes to Financial Statements

March 31, 2018

9. Discontinued Operation

On January 17, 2018, the Foundation adopted a formal plan to dispose of the investment property because it was is no longer fundamental to its strategy. Accordingly, the operating results of the operation have been classified as discontinued operation and comparative information has been restated. Included in discontinued operation is a gain on disposal of property and equipment of \$11,951,365 and rental income as noted below:

	<u>2018</u>	<u>2017</u>
Rent	<u>\$ 1,327,742</u>	<u>\$ 1,573,700</u>
Expenditures		
Amortization	110,230	378,195
Insurance	39,049	42,453
Property tax	<u>129,840</u>	<u>160,293</u>
	<u>279,119</u>	<u>580,941</u>
Rental income	<u>\$ 1,048,623</u>	<u>\$ 992,759</u>

The accompanying notes are an integral part of these financial statements.